SG615-2

NOVEMBER/DECEMBER 1990

OREGON LABOR TRENDS

State of Oregon • Employment Division • Department of Human Resources

INDICATORS

UNEMPLOYMENT RATE

Oregon (Seas. Adj.)

Oct.	1990	6.0
Sept.	1990	5.9
Oct.	1989	5.7

United States (Seas. Adj.)

Oct.	1990	5.7
Sept.	1990	5.7
Oct.	1989	5.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon (1977=100)

Oct.	1990	133.2
Sept.	1990	133.1
Aug.	1990	133.7
July	1990	133.0
June	1990	132.7

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon

Sept.	1990	$11.12
Aug.	1990	$10.97
Sept.	1989	$10.82

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon

Sept.	1990	40.5
Aug.	1990	39.5
Sept.	1989	39.4

CONSUMER PRICE INDEX (CPI)

1982-84=100
ALL URBAN CONSUMERS

Portland-Vancouver

Jan-June 1990	124.9
Yearly change	4.7%
Annual Average 1989	120.4
Yearly change	5.0%

United States

Oct. 1990	133.5
Yearly change	6.3%
Annual Average 1989	124.0
Yearly change	4.8%

Portland Hotline 326-4132

"ARE WE THERE YET?... HOW MUCH LONGER?"

Linda Burgin

Those of you who are parents may recognize these questions, which are usually asked by small children on long car trips. The best solution is to get them to go to sleep. (Teenagers are great at this.) Time flies when they're asleep, and before they know it, they're there.

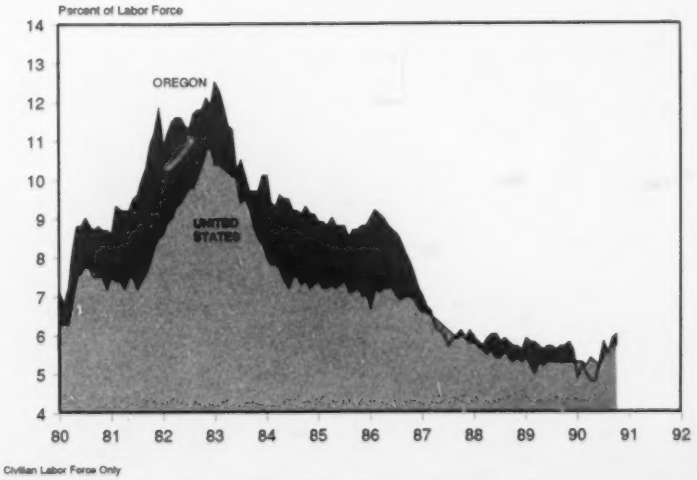
Well, economists and analysts wouldn't want to go to sleep; they might miss something! And I'm fairly certain that most of us don't ever want to get 'there,' but we will continue to ask the questions anyway. The destination may be unavoidable.

"Are we there yet?" The answer for this month is that where we are depends on which industry you look at. The Oregon timber industry is probably 'there' now, as timber is fast becoming one of the weakest parts of the state's economy.

In the Oregon lumber industry, logging, sawmills, and veneer and plywood each lost 500 jobs in October. In all three cases, some declines were expected at this time of year, but the October losses went beyond normal seasonal trends. Logging (with 11,500 employed) and veneer and plywood (with 13,300 employed) have set historic lows for this time of year. Sawmill employment (20,300) is at the lowest October level since 1982.

According to the November 16, 1990 issue of the Western Wood Products Association's *Barometer*, 1990 year-to-date lumber production in the Coast Region (areas west of the Cascade Range in Washington and Oregon) is down 5.4%, new orders are down 5.3%, and shipments are down 5.6%. In the Inland Region (area of the U.S. which is east from the Cascade and California Ranges to the Great Plains, and from Canada to Mexico) lumber production is down 5.9%, new orders are down 5.1%, and shipments are down 4.7%.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES
OREGON AND THE UNITED STATES



OREGON NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	OCT.1/ 1990	SEP. 2/ 1990	OCT. 1989	CHANGE FROM SEP. 1990	CHANGE FROM OCT. 1989
TOTAL 5/	1,269,300	1,264,700	1,237,400	4,600	31,900
WAGE & SALARY EMPLOYMENT INDEX 6/	133.2	133.1	129.9	XXX	XXX
GOODS PRODUCING INDUSTRIES 7/	274,700	281,500	273,100	- 6,800	1,600
SERVICE PRODUCING INDUSTRIES 8/	994,600	983,200	964,300	11,400	30,300
TOTAL MANUFACTURING	218,900	225,900	222,400	- 7,000	- 3,500
DURABLE GOODS	155,900	159,400	158,900	- 3,500	- 3,000
LUMBER & WOOD PRODUCTS	62,300	64,200	67,900	- 1,900	- 5,600
LOGGING	11,500	12,000	12,700	- 500	- 1,200
SAWMILLS	20,300	20,800	22,900	- 500	- 2,600
VENEER & PLYWOOD	13,300	13,800	15,800	- 500	- 2,500
MILLWORK & STRUCTURAL WOOD	10,700	11,000	10,400	- 300	300
MOBILE HOMES	2,100	2,200	1,800	- 100	300
OTHER WOOD PRODUCTS	4,400	4,400	4,300	0	100
FURNITURE AND FIXTURES	3,200	3,200	3,100	0	100
STONE, CLAY, GLASS & CONCRETE	4,600	4,600	4,400	0	200
PRIMARY METALS	11,700	11,900	11,300	- 200	400
BLAST FURNACES, IRON & STEEL 9/	6,100	6,100	5,800	0	300
NONFERROUS METALS 9/	5,600	5,800	5,500	- 200	100
FABRICATED METALS	11,900	12,000	12,100	- 100	- 200
FABRICATED STRUCTURAL METALS	5,200	5,200	5,000	0	200
OTHER FABRICATED METALS	6,700	6,800	7,100	- 100	- 400
MACHINERY	17,000	17,600	17,700	- 600	- 700
OFFICE & COMPUTING MACHINES	4,700	4,700	4,800	0	- 100
OTHER MACHINERY	12,300	12,900	12,900	- 600	- 600
ELECTRONIC & OTHER ELECTRIC EQUIPMENT 9/	17,400	17,500	16,100	- 100	1,300
TRANSPORTATION EQUIPMENT	12,900	13,500	10,000	- 600	2,900
INSTRUMENTS & RELATED PRODUCTS 9/	11,100	11,100	12,300	0	- 1,200
MISCELLANEOUS MANUFACTURING	3,800	3,800	4,000	0	- 200
NONDURABLE GOODS	63,000	66,500	63,500	- 3,500	- 500
FOOD & KINDRED PRODUCTS	27,300	30,600	28,200	- 3,300	- 900
CANNING & PRESERVING	15,400	19,300	16,800	- 3,900	- 1,400
OTHER FOOD PRODUCTS	11,900	11,300	11,400	600	500
TEXTILE MILL PRODUCTS	1,700	1,700	1,800	0	- 100
APPAREL	2,600	2,600	2,700	0	- 100
PAPER & ALLIED PRODUCTS	9,100	9,200	9,000	- 100	100
PRINTING & PUBLISHING	14,300	14,200	13,700	100	600
CHEMICALS & ALLIED PRODUCTS	2,300	2,400	2,200	- 100	100
PETROLEUM & ASPHALT PRODUCTS	500	500	500	0	0
RUBBER & PLASTIC PRODUCTS	4,700	4,800	4,900	- 100	- 200
LEATHER PRODUCTS	500	500	500	0	0
TOTAL NONMANUFACTURING	1,050,400	1,038,800	1,015,000	11,600	35,400
MINING & QUARRYING	1,500	1,600	1,500	- 100	0
CONSTRUCTION	54,300	54,000	49,200	300	5,100
BUILDING CONSTRUCTION	12,400	12,900	12,300	- 500	100
HEAVY CONSTRUCTION	7,400	7,200	6,700	200	700
SPECIAL TRADE CONTRACTORS	34,500	33,900	30,200	600	4,300
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	64,800	64,400	63,900	400	900
TRANSPORTATION	43,500	43,200	42,700	300	800
RAILROAD	3,800	3,800	3,900	0	- 100
TRUCKING & WAREHOUSING	24,900	24,800	24,600	100	300
OTHER TRANSPORTATION	14,800	14,600	14,200	200	600
COMMUNICATIONS	12,400	12,300	12,500	100	- 100
UTILITIES	8,900	8,900	8,700	0	200
TRADE	326,900	329,500	319,200	- 2,600	7,700
WHOLESALE TRADE	83,800	84,200	80,800	- 400	3,000
DURABLE GOODS	48,100	48,000	46,500	100	1,600
MACHINERY, EQUIPMENT, & SUPPLIES	11,300	11,300	10,900	0	400
OTHER DURABLE GOODS	36,800	36,700	35,600	100	1,200
NONDURABLE GOODS	35,700	36,200	34,300	- 500	1,400
GROCERIES & RELATED PRODUCTS	14,200	14,700	14,000	- 500	200
OTHER NONDURABLE GOODS	21,500	21,500	20,300	0	1,200
RETAIL TRADE	243,100	245,300	238,400	- 2,200	4,700
BUILDING MATERIALS & GARDEN SUPPLIES	9,400	9,700	8,500	- 300	900
GENERAL MERCHANDISE	30,300	30,500	31,200	- 200	- 900
FOOD STORES	42,200	43,100	40,600	- 900	1,600
AUTO DEALERS & SERVICE STATIONS	29,400	29,600	29,300	- 200	100
APPAREL & ACCESSORY STORES	10,100	10,000	9,800	100	300
FURNITURE & HOME FURNISHINGS	10,000	9,700	9,400	300	600
EATING & DRINKING PLACES	87,400	89,400	84,400	- 2,000	3,000
MISCELLANEOUS RETAIL	24,300	23,300	25,200	1,000	- 900
FINANCE, INSURANCE, & REAL ESTATE	77,500	78,000	75,700	- 500	1,800
FINANCE	28,100	28,300	27,900	- 200	200
INSURANCE	22,300	22,300	22,000	0	300
REAL ESTATE	27,100	27,400	25,800	- 300	1,300
SERVICES	296,800	296,800	284,400	0	12,400
HOTELS & OTHER LODGING PLACES	19,900	20,600	18,700	- 700	1,200
PERSONAL SERVICES	11,100	11,100	10,700	0	400
BUSINESS SERVICES	48,200	49,200	47,900	- 1,000	300
AUTOMOTIVE & MISC. REPAIR SERVICES	15,900	15,600	15,400	300	500
MOTION PICTURES & AMUSEMENTS	13,400	14,100	13,700	- 700	- 300
HEALTH SERVICES	88,100	88,100	83,200	0	4,900
LEGAL SERVICES	8,900	9,000	8,600	- 100	300
PRIVATE EDUCATION	16,700	14,900	15,200	1,800	1,500
SOCIAL SERVICES	26,500	25,900	25,000	600	1,500
ENGINEERING & MANAGEMENT SERVICES	20,500	20,200	19,100	300	1,400
OTHER SERVICES & NEC	27,600	28,100	26,900	- 500	700
GOVERNMENT	228,600	214,500	221,100	14,100	7,500
FEDERAL GOVERNMENT	33,100	34,500	32,900	- 1,400	200
STATE GOVERNMENT	62,400	57,400	59,900	5,000	2,500
EDUCATION	26,500	20,900	25,300	5,600	1,200
OTHER STATE	35,900	36,500	34,600	- 600	1,300
LOCAL GOVERNMENT	133,100	122,600	128,300	10,500	4,800
EDUCATION	84,900	73,600	81,600	11,300	3,300
OTHER LOCAL	48,200	49,000	46,700	- 800	1,500
LABOR-MANAGEMENT DISPUTES 10/	300	300	2,000	0	- 1,700

OREGON RESIDENT LABOR FORCE
(BY PLACE OF RESIDENCE)

	OCT.1/ 1990	SEP. 2/ 1990	OCT. 1989	CHANGE FROM SEP. 1990	CHANGE FROM OCT. 1989
CIVILIAN LABOR FORCE 3/	1,520,800	1,514,800	1,464,300	6,000	56,500
UNEMPLOYMENT	81,500	80,600	73,100	900	8,400
PERCENT OF LABOR FORCE	5.4	5.3	5.0	XXX	XXX
SEASONALLY ADJUSTED PERCENT	6.0	5.9	5.7	XXX	XXX
TOTAL EMPLOYMENT 4/	1,439,300	1,434,200	1,391,200	5,100	48,100

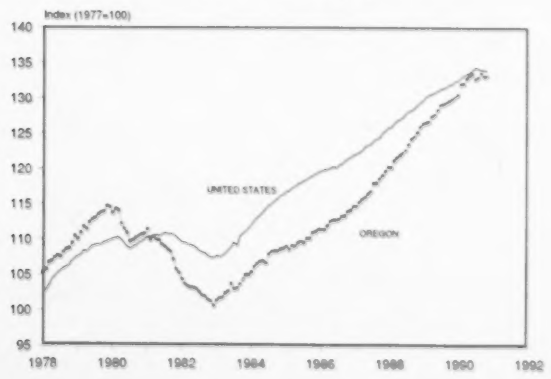
1/ Preliminary
2/ Revised
3/ Includes employed and unemployed individuals 16 years and older, adjusted for multiple job-holding and commuting.
4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants.
5/ Includes full- and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self employed, private household workers and armed forces excluded. Note: These data are estimated in cooperation with the U.S. Bureau of Labor Statistics and the Employment and Training Administration. All data are based on the 1987 Standard Industrial Classification (SIC) codes.
6/ Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of 0.8264, the ratio between 1972's annual average employment (774,300) and that of 1977 (936,900).
7/ Goods producing industries include manufacturing, mining, and construction.
8/ Service producing industries include transportation, communications, and utilities; trade; finance, insurance, and real estate; services; and government.
9/ Series break. Data for 1988 and thereafter are not comparable to those for 1987 and before.
10/ Employees involved in labor disputes are not included in wage and salary employment counts.

Driven by significant increases in the price of Northwest timber, the cost of manufacturing lumber in Oregon and Washington when compared with other regions of the country has risen to its highest level ever, according to *The Business Journal*. Data compiled from public and private sources show on average it now costs $127 more to make 1,000 board feet of lumber in the Pacific Northwest than the South, and $101 more than the Rocky Mountain Region. On average, the cost of producing 1,000 board feet of lumber in Oregon and Washington now totals $309, according to a cost analysis compiled from data provided by Timber Data, Resource Information Systems of Boston, and the U.S. Forest Service. In the Rocky Mountains, the cost of producing 1,000 board feet of timber is $208; in the South, the cost is $182.

Northwest mills are at a disadvantage as lumber buyers nationwide turn to Southern low-cost suppliers, who rely heavily on private timber supplies. Some analysts project that Southern sawmills will grab up to 28% of the U.S. lumber market by 1992, while the Northwest share may drop from about 20% today to as low as 15% by 1992.

In spite of the problems in the timber industry, Oregon's economy recorded little change in October. The state's seasonally adjusted unemployment rate went up slightly from 5.9 in September to 6.0 in October. Given the imprecision of the unemployment rate, this is not a significant change. A year ago, the unemployment rate was 5.7%. The current U.S. unemployment rate remained constant at 5.7%.

NONFARM WAGE & SALARY EMPLOYMENT INDEXES
(SEASONALLY ADJUSTED)



In last month's *Oregon Labor Trends* it was suggested that we keep an eye on the construction industry as the main player in determining when and if we really enter a recession. Fortunately, the brightest spot in October was the construction industry.

Based on several years of employment trends, construction usually loses 300 jobs at this time of year, mostly due to weather conditions and typical slowing of contracts as winter approaches. This year, the industry actually added 300 jobs. While the weather certainly cooperated, construction activity is holding up at a high enough level to keep 54,300 workers busy. General contractors, both residential and commercial, showed some weakness as 500 were laid off, but the current level of 12,400 still represents the best October since 1979. Heavy construction and special trade contractors both added workers.

Nationally, the Consumer Price Index for All Urban Consumers (CPI-U) rose 0.6% before seasonal adjustment in October to a level of 133.5 (1982-84=100), according to the Bureau of Labor Statistics. For the 12-month period ended in October, the CPI-U increased 6.3%. For the third consecutive month, advances in petroleum-based energy prices accounted for about one-half of the rise in the overall CPI-U.

During the first 10 months of 1990, the CPI-U advanced at a 6.7% seasonally adjusted annual rate. This compares with a 4.7% rate during the corresponding period last year. The difference between these rates is largely attributable to the price movements in the 3-month period from August through October. The CPI-U increased

at an 8.9% rate during this 3-month period in 1990, principally due to the acceleration in energy prices. Transportation costs rose 2.1% in October with about four-fifths of the increase due to the continued advance for motor fuels. The medical care component advanced 0.8% in October to a level 9.4% above a year ago. In 1989, energy prices declined in the August-to-October period and the CPI-U advanced at a much lower rate, 2.9%.

The WEFA Group, an East Coast economic consulting firm, forecasts a mild two-quarter national recession beginning in the fourth quarter of 1990. Real GNP is predicted to drop at annual rates of 1.1% and 0.6% in these quarters. Real disposable income will drop at an annual rate of 4.3% in the fourth quarter of 1990 as the oil price shock raises inflation substantially above income growth.

. . .the cost of manufacturing lumber in Oregon and Washington when compared with other regions of the country has risen to its highest level ever. . .

While the U.S. forecast calls for a brief, mild recession, there are many areas of the country that are performing well. The growth leaders in the country continue to be the southern parts of the east and west coasts--the Pacific and South Atlantic regions. The traditional attraction of the sun continues to draw businesses and workers to these areas.

"How much longer?" The fact that the Oregon economy is performing better than the U.S. at the present time is a positive thing, but it may be just a matter of time before we feel the effects of a national recession.

Economist John Mitchell of U.S. Bancorp sees Oregon as continuing to enjoy what he calls the North Florida Phenomenon. North Florida has been a place where many East Coast retirees move. Because of Oregon's natural beauty, it should continue to attract retirees who bring with them incomes that are independent of the business cycle, and they should continue to drive the Northwest service sector. It hasn't happened in Oregon yet. Paul Warner, State Economist, Oregon Executive Department, says that only a small percentage of Oregon migrants are older citizens. Maybe the state should invest money in attracting these retirees as part of the Economic Development Program. Retirement incomes that are independent of the business cycle would help keep the Oregon economy stable in times of recession.

Mitchell predicts that even when the recession comes to Oregon, it probably won't be as bad as the last one. The Oregon economy is more diversified now. The markets for our products as well as capital are becoming more global. There is definitely more interest in boosting productivity. There is a strength in business capital formation which boosts investment in capital expenditures.

Oregonians found news of the national slowdown of interest in October, as we carefully monitored indicators in the economic theater of the U.S. Will a recession affect us? When? For how long? We can only estimate, predict, hope. At this time we have good reasons for an optimistic Oregon outlook. Watch and wait...and keep on working. □

THE POOR: LET US NOW PRAISE THE VICTIMS

Duane Ackerson

In an article entitled "Reasons for Not Working: Poor and Nonpoor Householders" (*Monthly Labor Review*; August 1989), Mark S. Littman discusses data based on poverty figures from the Bureau of the Census and labor force data from the Current Population Survey (CPS). This data compares the work experience of heads of household, or "householders," whether poor or nonpoor, between the years 1959 and 1986. Littman states:

"...about 50% of the poor worked at all in 1986, down from 68% in 1959...the increase in the proportion of poor families headed by women is the largest single factor explaining the drop in the workforce participation of poor householders.

"Poor families maintained by women have not shared in the increased labor force participation of women that has characterized the past quarter of a century...For nonpoor women maintaining families with no spouse present, the proportion working increased from 64% in 1959 to 75% in 1986; for poor women, the corresponding proportions were 43% and 40%."

In addition to discussing the "feminization" of poverty, Littman also disputes the idea that having work in itself is a cure for poverty. If this were the case, he states, the poverty rate should have bottomed out in the first of these years, when 75% of poor male householders were working. However, 1959 witnessed the highest poverty rate of any recorded year, underscoring that "working sufficient hours and at sufficient wage levels" is important if we are to really eliminate poverty.

In 1983, at the end of the worst recession since the 1930s, the poverty rate for the U.S. reached its most recent high at 15.2%, or 35.3 million people. During the next six years, in the course of our longest peacetime economic recovery, this rate declined to 12.8%, or 31.5 million people. However, the 1989 percentage remains higher than for any time during the 1970s. The conclusion is obvious: we are far from eliminating poverty.

Education is often cited as one way of escaping the trap of poverty. However, our present demographics point to serious problems in funding education, especially for the children of the less advantaged who need it most to climb out of the pit. Witness a quote from the *Vocational Training News* (Vol. 21, No. 3; Jan. 18, 1990): "While poverty is increasingly concentrated among young people with children, richer taxpayers live in separate neighborhoods and have few children or none, and perhaps less enthusiasm about supporting schools." The same article cautions us not to expect a "peace dividend" due to military cuts. Federal spending as a percent of total school revenues decreased over the last decade from 11% to about 6%. Deficit reduction pressures, and the resultant Gramm-Rudman-Hollings deficit reduction law, will make funding increases for education hard to achieve. States will probably need to take more initiative themselves, and that's where the demographic problems mentioned earlier and the property tax revolt, which shows signs of gearing up again, come in to complicate matters.

. . .poverty is increasingly concentrated among young people with children. . .

Work is not a panacea for poverty, either. Nor does ambition provide a cure-all for the same condition. As Littman notes:

"...some analysts find it hard to believe that one can look for employment all year and find none. It is interesting to note, however, that the proportion of male householders who indicated an inability to find work as the reason for not working has seemingly fluctuated

with the business cycle, increasing to 23% in 1983 when the poverty cycle was at its recent peak, then decreasing to its present level of 13%...The fact that the proportional size of this group fluctuated with the business cycle would seem to be sufficient evidence that these men are indeed looking for work."

In addition to cyclical unemployment's impact on poverty, structural unemployment no doubt has made itself felt, too. U.S. and state-level Workforce 2000 studies indicate there may be a shortage of workers in the future to fill entry-level jobs. Though this might seem like good news, the catch is that the demand for workers with few skills and minimal education will also be decreasing. Even if an adequately skilled person gets one of these entry-level positions, he may still find himself below the poverty level. As automation continues to replace some of the more routine jobs, many of these workers will find themselves with fewer options for other low skill jobs.

Besides these factors, the growth in the "contingent labor force" of temporary and part-time employees has also been a mixed blessing, both for the poor and other workers. The choice to join this work force is not always elective. Gary Sincick, in an article on "The Contingent Labor Force" in *Oregon Workforce At Risk*, states:

"...the portion of the full-time labor force working part-time involuntarily in Oregon rose from 4.6% in 1979 to 10.0% in 1982. The rate has dropped steadily but slowly over the last six years, underlining the reluctance of employers to return part-time crews to full-time status, even when economic conditions improve."

The increase in part-time and temporary work (especially where the person would rather have full-time and/or permanent employment) and the increased contracting out of work to temporary services companies are having a major effect on the way people work.

In studying this effect, more needs to be learned about the hours and earnings of the contingent labor force. Studies need to be made of earnings for temporary vis-a-vis permanent workers. An article by Harry B. Williams in the March 1989 *Monthly Labor Review*, "What Temporary Workers Earn: Findings from the new BLS Survey," reports on an initial study conducted by the Bureau of Labor Statistics which, however, makes no attempt at a comparison between earnings of the temporary and permanent labor forces. In September 1987, BLS made this first survey involving over 600,000 workers in nearly 100 job classifications working in the temporary help supply industry. This survey was of a large number of temporary workers and a relatively small group of permanent full-time staff who manage and administer the temporary agencies. The 1987 study showed pay rates that ranged from the then federal minimum wage of $3.35 through $20 an hour and above. The average wage for the temporary workforce was $6.42 an hour. In contrast, the BLS publication *Supplement to Employment and Earnings* (U.S. Dept. of Labor; August 1988) shows average hourly earnings in September 1987 for the total private sector of $9.05 an hour. This difference of $2.63 an hour may suggest that the temporary help industry is skewed toward less-skilled, lower-paid occupations. However, it could also suggest that firms contracting for temporary workers realize savings on wages. Obviously, more investigation is needed.

. . .the wealthiest one half of one percent of us. . .accounted for 35.1% of net personal worth of all households in 1983.

At any rate, the lesser fringe benefits for workers employed as part of this contracting out process are a critical consideration, both for employers and the rest of us. Companies and temporary agencies may realize savings as a result, but we need to consider what this savings costs the rest of us, particularly its impact on the already precarious state of our country's health care. Though firms in the temporary help industry provide varying amounts of fringe benefits, including vacation pay and medical insurance, there is a point at which the advantages to businesses of going this route vanish as the costs involved in providing this labor resource increase. Pressure for guaranteed national health care for all Americans is bound to mount if more and more people begin to fall outside traditional health care coverage.

The nature of employment itself is changing, and not just in terms of earnings, the number of hours worked, and the amount of job security and fringe benefits they receive. Sincick points out:

"The number of people trying to balance work and family life is increasing. The traditional model of the family in which only the husband is employed and the wife stays home with the children is fading fast. According to the Bureau of the Census, these traditional families, as a portion of all married couples nationally, have declined from 43.2% in 1976 to 27.5% in 1987."

Multiple job holders and dual wage earner families are becoming commonplace, but this condition does not necessarily translate into additional discretionary income. Many of the multiple job holders and dual wage earner families are just attempting to keep up with the increased cost of living. We need to ask ourselves whether this situation is really increasing the quality of work or life for those so employed, their spouses, or their families.

If one of the workers in this situation is suddenly out of a job, the family may well fall below the poverty level. A person out of a job but with some equity in a home has a resource to draw on in getting a family through this dry stretch. But, for the country as a whole, virtually every economic survey indicates that the gap between the rich and the poor is widening. This gap is particularly evident in the area of home ownership. In recent years, the idea of owning a home has become the "impossible dream," not just for low income people, but for many in the middle class as well, including dual wage earners.

If a person who has lost a job does not own a home -- or even if, rather than renting, she is still paying that home off, and currently has little equity (homes are not appreciating the way they did in the seventies) -- she, and her family, are at risk of joining the homeless.

Furthermore, the "safety net" of unemployment insurance (UI) has become ever smaller in recent years. In 1975, for example, the percentage of the nation's unemployed who received UI benefits peaked at 75.5%. In both 1987 and 1988, this percentage was only 31.5%, the lowest level in at least 34 years! Oregon's percentage in 1988 was only a little higher at 39.4%.

Thoreau wrote in *Walden* that owning property was basically a nuisance, that he'd seen many an unfortunate man plodding down the road with the weight of an entire farm on his back. He added that he'd rather live in a crate and have his peace of mind. Today, in this country, too many people already unfortunately possess this sort of peace of mind, the freedom, to quote Kris Kristofferson, that's "just another word for nothing left to lose."

To return to truisms: answers mean little if we're not asking the right questions. Increased "prosperity" or "productivity" is not necessarily a quick fix for poverty. Nor is becoming more competitive, balancing the budget, reducing the deficit, or improving the balance of trade. While these measures may help to expand the overall economy, the distribution of income has become

increasingly unequal. A 1983 government survey of the distribution of wealth in the U.S. since the early sixties showed that the wealthiest 3.4 million households in the country, those representing the top 10%, controlled five times as much wealth as the remaining 75.5 million. Even more disturbing is the finding that the wealthiest one half of one percent of us -- the "super rich" -- accounted for $3.7 trillion, or 35.1%, of the $10.5 trillion in net personal worth of all households in 1983 (source: David M. Gordon in *The Los Angeles Times*).

A recent article entitled "American Living Standards -- Running to Stand Still" published in *The Economist* (Nov. 10, 1990), a British magazine, states:

"...the stagnation or even decline in middle-class living standards since 1973 is a reality affecting most Americans, not a fiction of the statisticians.

"...thanks to the redistribution of income, stagnation has affected the upper quintile -- the top 20% -- of families least...The House Ways and Means Committee reckons that 'adjusted' family income for this top quintile rose by 25% in 1973-88, a full ten points more than for those in the middle. Tax changes, too, helped them. The average federal tax bite on the top quintile fell in 1980-90 by 5 1/2% (and on the top 1% of incomes by nearly 15%).

"Meanwhile, adjusted family income of the bottom quintile fell by 9% in 1973-88, and their federal tax bite rose by 16% in 1980-90. These people were not just relatively poorer than before, but absolutely so."

". . .the stagnation or even decline in middle-class living standards since 1973 is a reality affecting most Americans, not a fiction of the statisticians."

The solution may lie both in the workplace and in what the worker is being offered as his alternative, his piece of the American dream, when he leaves that workplace, whether to enjoy his leisure time or to look for another job. Thoreau to the contrary, "God bless our mortgaged home" is still a more enticing prospect than "God bless our packing crate." However, many Americans are not just insecure where housing is concerned, either because they lack it, or as renters, may be one rent hike away from the street. Even if they have adequate jobs and housing, indications seem to be that many more people may feel insecure now than in the several decades of prosperity following WWII.

The reasons for this insecurity are numerous, but two economic ones stand out. First is the decline in living standards caused by a fall in real income. Evidence of this problem is found in the increase in multi-income families and multiple job holders, the growing lack of affordable housing, the widening income gap between the rich and the poor, and the increase in the number of homeless. Second is the decline in long-term job security evidenced by growth in the contingent labor force, declining manufacturing employment vs. increasing services employment, declining unionism, and heightened international competition.

The roots of these insecurities need to be examined. The papers in almost any given week are filled with stories about the plight of the homeless. More and more people, whether young, middle-aged, or old, whether the jobless, the employed member of the contingent labor force, or the migrant laborer, seem to be living in poverty or near-poverty conditions. There needs to be, if not a New Deal, at least some sort of national planning process that sets policies more extensive than the lowering and raising of the prime rate or the priming of the pump with an occasional tax cut.

In their famous collaboration at the time of the Great Depression, *Let Us Now Praise Famous Men*, author James Agee and photographer Walker Evans painted an indelible picture in the stark black and white of words and photographs of the residents of the Dust Bowl during that time of national agony. Some 30 years later, another writer picked a title for his book nearly as memorable as the Agee phrase: *Blaming The Victim*. These two titles say something about a shift in our consciousness over three decades. Agee asks us, with the utmost irony, to praise the famous while his sympathies are really with the obscure and suffering. The later writer, equally sympathetic to the plight of the poor, accuses society of holding the victim responsible for his own disadvantaged condition. And, 20 years after this second book, a society that tolerates a growing number of the homeless, one in which the percentage of the population living in poverty has remained higher in the past decade (the longest peacetime economic expansion in history began in 1983) than in the preceding one, is ripe for a reexamination of attitudes toward, and the situation of, the poor. Perhaps it's time we realized that, for many of us, poverty is drawing closer. □

". . .God bless our mortgaged home" is still a more enticing prospect than "God bless our packing crate."

LMI DIRECTORY NOW AVAILABLE

What are the major issues and demographic/economic trends likely to impact Oregon in the 1990s? Where can you find the average wage of an occupation in Oregon? What educational information is available to help improve your career choices? What is the economic and employment outlook for the state of Oregon and its regional areas? Where to find this information and much more is available at no charge in the *1990 Labor Market Information (LMI) Directory*.

The LMI Directory lists various publications available containing many types of state and local information. From population and labor trends to wage information and youth reports, the Directory can tell you where to write and/or call to get what you want. The LMI Directory also tells you who to contact for special research and information services that may not be currently available.

Don't miss this valuable information guide. Request your copy by calling Research and Statistics at (503) 378-8657 or by writing to:

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UPGRADING WORKPLACE SKILLS: WHOSE JOB?

Nancy Hargis

Nearly every week we read or hear about a new study which decries the skills of American workers, faults the educational system and seeks solutions to problems of literacy, productivity, and changing demographic trends. Just what are the problems of the American workforce and workplace? Whose job is it to see that employers have access to workers with the needed basic, technical, and theoretical skills?

The problem is generally stated in terms of the workforce of the 1990s lacking these important skills. Demographic trends are cited, with fewer young people and the majority of new labor market entrants being minorities, women, and immigrants. School dropout statistics and declining test scores point to a pool of young people unprepared for a "high tech" workplace. Creation of large numbers of new jobs in the trade and service sectors and wage roll-backs in manufacturing are blamed for income losses and a decline in our standard of living. Businesses are accused of designing jobs with lower skill requirements so that wage decreases can be justified.

Research indicates, however, that formal training investments . . .tend to be made on those workers with the highest levels of skill and education.

Worker skills can also be examined in the context of investment by employers in training and in the capacity of the educational system to graduate young people ready to become productive workers. These pictures, too, produce complex images. It is estimated that employers spend in excess of $30 billion each year on formal training for their personnel and over $180 billion on informal training. Research indicates, however, that formal training investments, including tuition payment or reimbursement, tend to be made on those workers with the highest levels of skill and education.

A recent survey of 645 businesses by Towers Perrin and the Hudson Institute revealed that while the majority

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Sep.[2] 1990	Aug.[3] 1990	Sep. 1989	Sep.[2] 1990	Aug.[3] 1990	Sep. 1989	Sep.[2] 1990	Aug.[3] 1990	Sep. 1989
TOTAL MANUFACTURING[4]	$450.36	$433.32	$426.31	40.5	39.5	39.4	$11.12	$10.97	$10.82
Durable Goods	464.71	449.01	441.54	40.8	39.7	39.6	11.39	11.31	11.15
Lumber & Wood Products	456.34	432.18	433.01	40.6	38.9	38.8	11.24	11.11	11.16
Logging & Sawmills	489.24	460.46	467.64	40.4	38.5	39.1	12.11	11.96	11.96
Veneer & Plywood	444.99	411.10	412.94	40.9	38.1	38.2	10.88	10.79	10.81
Millwork & Structural	387.87	389.09	365.50	40.7	40.7	38.8	9.53	9.56	9.42
Mobile Homes	366.72	383.66	333.20	38.4	40.3	36.1	9.55	9.52	9.23
Other Wood Products	452.69	412.23	412.34	41.8	39.0	38.9	10.83	10.57	10.60
Furniture & Fixtures	365.91	352.84	381.57	37.3	36.3	39.5	9.81	9.72	9.66
Primary Metals	514.70	482.35	507.83	40.4	38.1	41.9	12.74	12.66	12.12
Fabricated Metals	421.60	413.95	407.15	40.0	39.2	39.8	10.54	10.56	10.23
Machinery (Ex Electrical)	442.33	431.16	445.76	39.6	38.6	39.8	11.17	11.17	11.20
Nondurable Goods	416.31	397.02	390.43	39.8	39.0	39.2	10.46	10.18	9.96
Food & Kindred Products	333.38	316.86	322.14	39.5	38.5	39.0	8.44	8.23	8.26
Canning & Preserving	297.20	272.08	280.41	40.0	38.0	39.0	7.43	7.16	7.19
Other Food Products	422.40	434.22	424.32	38.4	39.8	39.0	11.00	10.91	10.88
Textile Mill Products	272.65	255.50	253.11	37.4	36.5	35.8	7.29	7.00	7.07
Apparel	268.99	267.78	266.93	38.1	38.2	39.9	7.06	7.01	6.69
Paper & Allied Products	663.64	623.78	628.58	41.4	40.4	41.6	16.03	15.44	15.11
Printing & Publishing	506.61	503.61	438.08	39.0	39.1	37.0	12.99	12.88	11.84
Construction[4]	621.34	586.74	584.83	39.5	38.5	38.4	15.73	15.24	15.23
Communications & Utilities[5]	603.17	566.18	541.78	41.8	39.9	41.2	14.43	14.19	13.15
Trade[5]	344.16	313.58	324.58	36.0	33.9	34.8	9.56	9.25	9.33
Wholesale Trade	454.33	421.04	430.90	39.2	38.0	38.2	11.59	11.08	11.28
Retail Trade	286.06	259.99	269.28	34.3	31.9	33.0	8.34	8.15	8.16
Banking & Insurance[5]	391.24	362.85	337.03	39.4	36.8	37.2	9.93	9.86	9.06
State & Local Government	444.03	445.25	421.05						

[1]Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1987 Standard Industrial Classification (SIC) codes.
[2]Preliminary
[3]Revised
[4]Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
[5]Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

reported difficulty recruiting skilled workers, they were slow to begin new job training programs, especially for entry-level workers. In a similar vein, many reported concern about changing workforce demographics, but few offered training, mentorship, or support programs to attract and retain minority, female, or immigrant workers.

A poll conducted by the Roper Organization for the U.S. Chamber of Commerce concluded that a vast majority of Americans believes schools fail to train students for current and future jobs. Increasing the involvement of the business community in the educational enterprise was seen by many as one important solution to this problem. "It is interesting to note that the American public considers the business community the education safety net for the nation," said Edward Donley, chair of the Chamber's Center for Workforce Preparation. "Business clearly has been given a mandate to lead the way to better public schools and to help education in general," Donley said.

Another view of the worker skill question was described in a July 1990 issue of the *Washington Post*, which highlighted a survey of 250 mid-sized manufacturing companies. "More than two-thirds of the companies studied said they had a productivity problem, but more than half of those considered the problem a minor one because it was caused by people, and people could be replaced by machines," said staff writer Frank Swoboda. Many stories have been told about schools, companies, or agencies purchasing new computers and software that remained in the shipping crates because management was unwilling to invest the time and money to train staff to properly use them. Fortunately, many businesses are realizing that even when they purchase sophisticated new equipment, the "people factor" is key to increased productivity, and proper training is an important investment.

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Whose job should it be to train and upgrade the workforce? Government, business, education, and the public must share responsibility if it is to succeed. A wide range of strategies seems most likely to yield the desired results.

1. Federal and state tax incentives to businesses to train their employees. Under generally accepted accounting principles, employers have to treat training as an expense, not an investment. Hence, the cost of training hurts a company's short-term profitability picture and is therefore often discouraged.
2. Coordination and resources for small firms to form consortia to acquire training for their workers. Oregon's community colleges and Small Business Development Centers would play a pivotal role in this strategy.
3. Flexibility in higher education schedules and coursework that recognizes the needs of adult learners.
4. Connecting employer-gained skills and competencies to college credit.
5. More effective recruitment and support of minorities, women, immigrants, and older citizens in business, public agencies, community colleges, colleges and universities.
6. Reorganization of work which empowers employees to contribute to key corporate or agency decision-making.
7. Knowledge-based pay systems that reward multiple and diverse worker skills.

These and other creative, innovative strategies will be needed to assure Oregon and the nation of a workforce with the skills and ability to learn that the workplace demands. **Oregon Labor Trends** will continue to research and report on workplace trends and training needs as important components of a comprehensive workforce development strategy. It is clear that these will be key issues of the decade. □

LMI LABOR MARKET INFORMATION

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OREGON LABOR TRENDS is published monthly by the Research and Statistics Section of the Oregon Employment Division,

Virlena Crosley, Assistant Administrator
Jeffry Hannum, State Economist and Editor
Kathi Groome, Typesetting
Carol Schmidt, Graphic Artist

Please send any address changes to Research & Statistics, LMI Programs Unit, Room 207, 875 Union Street NE, Salem, OR 97311 or phone (503) 378-8657

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